

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 154**

February 5, 2017

**SUMMARY OF BILL:** Authorizes Finley Stadium in Hamilton County to sell alcoholic beverages for on-premises consumption.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue – \$300/One-Time/ABC Fund  
\$2,000/Recurring/ABC Fund  
\$14,200/Recurring/General Fund**

**Increase Local Revenue – \$11,000/Recurring/Permissive**

Assumptions:

- This bill only applies to Finley Stadium in Chattanooga (Hamilton County).
- There is an initial application fee of \$300 and a \$2,000 annual fee payable to the Tennessee Alcoholic Beverage Commission (ABC).
- No additional personnel or resources will be required by the ABC.
- Local privilege tax is estimated to be \$1,000 annually. Any increase in local government expenditures for collecting local privilege taxes is estimated to be not significant.
- State and local sales taxes and a 15.0 percent liquor-by-the-drink (LBD) tax will be assessed on alcoholic beverage sales.
- The current state sales tax rate is 7.0 percent; the local option sales tax rate in Hamilton County is 2.25 percent; the effective rate of apportionment to local government pursuant to the state-shared allocation is estimated to be 3.617 percent.
- Pursuant to Tenn. Code Ann. § 57-4-306(a), 50.0 percent of the 15.0 percent LBD tax is allocated to the state General Fund and 50.0 percent is distributed to the local government.
- It is assumed that the establishment will begin selling alcohol in FY17-18.
- Based on information provided by the Department of Revenue and independent research regarding events at Finley Stadium, the taxable base is estimated to be \$100,000.
- The recurring increase in state revenue to the General Fund is estimated to be \$14,247  $[(\$100,000 \times 7.0\%) - (\$100,000 \times 7.0\% \times 3.617\%) + (\$100,000 \times 15.0\% \times 50.0\%)]$ .
- The recurring increase in local revenue is estimated to be \$11,003  $[\$1,000 + (\$100,000 \times 2.25\%) + (\$100,000 \times 7.0\% \times 3.617\%) + (\$100,000 \times 15.0\% \times 50.0\%)]$ .

- Any revenue collected from any state or local taxes imposed on manufacturers or wholesalers is estimated to be not significant.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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